

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

AGR-05 PA-01 PRS-01 USIA-06 /082 W

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P 051050Z MAR 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 2779

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E.O. 11652: N/A

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT (FEB 26-MAR 4)

1. TOTAL FOREIGN EXCHANGE SOLD THROUGH BANKS DURING WEEK ENDING FEB 28 WAS \$442,000, COMPARED WITH PREVIOUS WEEKLY AVERAGE FOR CY 1975 OF \$462,000. OF FX SOLD, 47 PERCENT WAS FOR PETROLEUM PRODUCTS.

2. THE FREE MARKET RATE FOR DOLLARS ROSE SIGNIFICANTLY (5.7 PERCENT) DURING LAST WEEK. ON MAR 5 MERCHANTS AND OTHER FX DEALERS WERE BUYING DOLLARS FOR APPROXIMATELY 1,480 KIP PER DOLLAR AND SELLING FOR 1,530 KIP, UP FROM 1,400 BUYING AND 1,410 SELLING ON FEB 25. BAHT WAS BEING BOUGHT FOR 7,320 KIP PER 100 BAHT, SELLING FOR 7,570 KIP. FACTORS BEHIND RAPID RISE IN EXCHANGE RATE DURING LAST SEVERAL WEEKS NOT ALTOGETHER CLEAR, THOUGH IT APPEARS THAT RUMORS OF DEVALUATION CIRCULATING IN BUSINESS COMMUNITY MAY BE AT LEAST PARTIALLY RESPONSIBLE.

3. USAID COST-OF-LIVING DECLINED MARGINALLY DURING PAST WEEK, REFLECTING PRIMARILY PRICE DECLINES IN FISH AND EGGS, PARTIALLY OFFSET BY INCREASED PRICES FOR CERTAIN VEGETABLES AND FRUITS. USAID INDEX ON MAR 3 SHOWED

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FOLLOWING CHANGES:

	PERCENTAGE CHANGE SINCE	
	FEB 24	END CY 74
GENERAL INDEX	(-0.2)	5.1
RICE INDEX	-0-	9.8
NON-RICE INDEX	(-0.3)	4.0

4. RECENT DEVELOPMENTS IN LAO EFFORTS TO OBTAIN
ADDITIONAL FOREIGN ASSISTANCE INCLUDE:
A. REPRESENTATIVES OF PGNU AND EAST GERMAN GOVT
SIGNED ECONOMIC ASSISTANCE AGREEMENT IN VTE ON FEB 28.
AGREEMENT IS RESULT OF AID-SEEKING MISSION TO EAST BERLIN
IN DEC 1974 (VTE 8979, VTE 0490). NO FURTHER DETAILS
AS TO COMMODITY ASSISTANCE AVAILABLE AS YET BUT TOTAL
AMOUNT OF GRANT AID REPORTED AS 3 MILLION MARKS.
B. LOCAL PRESS REPORTS THAT LAO GOVERNMENT HAS SET
TENTATIVE PRICES FOR SALE OF CEMENT AND RICE ARRIVING
FROM NORTH VIETNAM (VTE 1391). RETAIL PRICES REPORTEDLY
WILL BE 47,500 KIP PER METRIC TON FOR CEMENT AND
19,500 KIP FOR 100 KILOS RICE. THESE PRICES SLIGHTLY
BELOW CURRENT MARKET PRICES. DETAILS BEING CHECKED.

5. DECONTROL FOLLOWING 3/5/76.
WHITEHOUSE

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Message Attributes

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Margaret P. Grafeld
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05 JUL 2006

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